



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

March 31, 2009

Dear Senator,

As you prepare to leave for the April State Work Period, I wanted to share with you some of the work that the Obama Administration has proposed to address this economic crisis.

Despite an unprecedented economic and financial crisis, the Treasury Department has moved forward with deliberate speed laying out the Administration's comprehensive plan. I hope that you will find these materials useful as you discuss these important issues with your constituents.

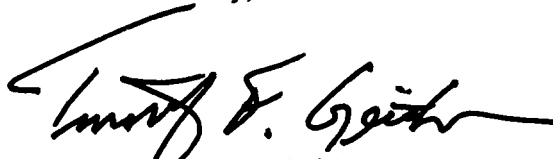
Please find attached fact sheets and supporting materials covering:

1. Financial Stability Plan
  - a. Public-Private Investment Program
  - b. Capital Assistance Program
  - c. Making Home Affordable Program (<http://makinghomeaffordable.gov/>)
  - d. Consumer and Business Lending Initiative/Term Asset-Backed Securities Loan Facility (TALF)
2. Regulatory Reform
  - a. Resolution Authority
  - b. International Coordination

As you well know, this is an extraordinary time and we, as a government, have been forced to take extraordinary measures. Our challenges in this financial crisis are more complex than any our financial system has ever faced, requiring new programs and persistent attention to solve. The President, the Treasury Department, and the entire Administration are committed to working with you to see it through because we know how directly the future of our economy depends on it. Together, we will do what is necessary to stabilize the financial system and develop the tools needed to make our economy more resilient and our system more just for all Americans.

I look forward to working with you in this endeavor.

Sincerely,



Timothy F. Geithner

# **TREASURY DEPARTMENT'S ACTIONS TO ADDRESS THE ECONOMIC CRISIS**

## **1. Financial Stability Plan**

***Joint Statement on Financial Stability Plan by Secretary Geithner, Chairman Bernanke, Chairman Bair, Comptroller Dugan, and Director Reich***

Today, the Department of the Treasury, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision are announcing a comprehensive set of measures to restore confidence in the strength of U.S. financial institutions and restart the critical flow of credit to households and businesses. This program will help lay the groundwork for restoring the flows of credit necessary to support recovery.

<http://www.treas.gov/press/releases/tg21.htm>

### **a. Public Private Investment Program**

***Public Private Investment Program Fact Sheet***

Over the past six weeks, the Treasury Department has implemented a series of initiatives as part of its Financial Stability Plan that – alongside the American Recovery and Reinvestment Act – lay the foundations for economic recovery.

<http://www.treas.gov/press/releases/tg65.htm>

### **b. Capital Assistance Program**

***Treasury Releases Terms of Capital Assistance Program***

The Capital Assistance Program (CAP) is a core element of the Administration's Financial Stability Plan. The purpose of the CAP is to restore confidence throughout the financial system that the nation's largest banking institutions have a sufficient capital cushion against larger than expected future losses, should they occur due to a more severe economic environment, and to support lending to creditworthy borrowers.

<http://www.treas.gov/press/releases/tg40.htm>

**c. Making Home Affordable Program**

***Making Home Affordable Fact Sheet***

The Homeowner Affordability and Stability Plan is part of the President's broad, comprehensive strategy to get the economy back on track. The plan will help up to 7 to 9 million families restructure or refinance their mortgages to avoid foreclosure. In doing so, the plan not only helps responsible homeowners on the verge of defaulting, but prevents neighborhoods and communities from being pulled over the edge too, as defaults and foreclosures contribute to falling home values, failing local businesses, and lost jobs.

[http://www.treas.gov/press/releases/reports/housing\\_fact\\_sheet.pdf](http://www.treas.gov/press/releases/reports/housing_fact_sheet.pdf)

**d. Consumer and Business Lending Initiative/Term Asset-Backed Securities Loan Facility (TALF)**

***U.S. Treasury and Federal Reserve Board Announce Launch of Term Asset-Backed Securities Loan Facility (TALF)***

In carrying out the Financial Stability Plan, the Department of the Treasury and the Federal Reserve Board are announcing the launch of the Term Asset-Backed Securities Loan Facility (TALF), a component of the Consumer and Business Lending Initiative (CBLI). The TALF has the potential to generate up to \$1 trillion of lending for businesses and households.

<http://www.treas.gov/press/releases/tg45.htm>

## **2. Regulatory Reform**

### ***Treasury Outlines Framework for Regulatory Reform***

The crisis of the past 18 months has exposed critical gaps and weaknesses in our financial regulatory system. As risks built up, internal risk management systems, rating agencies and regulators simply did not understand or address critical behaviors until they had already resulted in catastrophic losses. These failures have caused a dramatic loss of confidence in our financial institutions and have contributed to severe recession. The President's comprehensive regulatory reform is aimed at addressing systemic risk, protecting consumers and investors, eliminating gaps in regulatory structure, fostering international coordination.

<http://www.treas.gov/press/releases/tg72.htm>

#### **a. Resolution Authority**

### ***Treasury Proposes Legislation for Resolution Authority***

The legislative proposal would fill a significant void in the current financial services regulatory structure and is one piece of a comprehensive regulatory reform strategy that will mitigate systemic risk, enhance consumer and investor protection, while eliminating gaps in the regulatory structure.

<http://www.treas.gov/press/releases/tg70.htm>

### ***U.S. Treasury and Federal Reserve Board Announce Participation in AIG Restructuring Plan***

The U.S. Treasury Department and the Federal Reserve Board today announced a restructuring of the government's assistance to AIG in order to stabilize this systemically important company in a manner that best protects the US taxpayer. Specifically, the government's restructuring is designed to enhance the company's capital and liquidity in order to facilitate the orderly completion of the company's global divestiture program.

<http://www.treas.gov/press/releases/tg44.htm>

**b. International Coordination**

***Prepared Statement by Treasury Secretary Geithner at the G-20 Finance Ministers and Central Bank Governors Meeting***

This is a global crisis and it requires a coordinated global response. We have a strong consensus on the need for both recovery and reform so that we never face a crisis like this again.

You are seeing the world move together at a speed and on a scale without precedent in modern times. All the major economies are putting in place substantial fiscal packages. The stronger the response, the quicker recovery will come. That is why the United States has passed the largest, most comprehensive recovery package in decades.

<http://www.treas.gov/press/releases/tg56.htm>